Annual Report to the Minister of the Minimum Wage Review Committee

January 12, 2015

Honourable Kelly Regan
Minister of Labour and Advanced Education
5151 Terminal Road
Halifax, Nova Scotia
B3J 2T8

Dear Minister Regan:

As you know, the minimum wage regulations now contain a formula for maintaining a fair minimum level of pay for low wage earners in Nova Scotia. The formula, which ties minimum wage increases to annual increases in national inflation, makes changes to the minimum wage more predictable and prevents erosion of the purchasing power of the minimum wage.

As mandated under the *Labour Standards Code*, the Minimum Wage Review Committee continues to meet each year to monitor the economic situation, apply the formula and make recommendations on the minimum wage. The Committee is pleased to advise that we have concluded our annual review and are of the opinion that there have been no fundamental changes in economic conditions that would warrant deviating from the minimum wage setting approach set out in the regulations.

Attached, please find our report, which includes the recommended adjustment to the minimum wage rates (experienced and inexperienced) and the data used to calculate the adjustment.

We wish to acknowledge staff at the Nova Scotia departments of Labour and Advanced Education, and Economic and Rural Development and Tourism who continue to support our work.

We also wish to note the participation of two new members appointed to the Committee, Joe MacDonald (employer representative) and Ryan MacLeod (employee representative), who have replaced two former members. We look forward to continuing to work together as a Committee to contribute to this important policy work.

Respectfully submitted by:

Original signed by

Rick Clarke

Steven MacPherson

Ryan MacLeod

Joe MacDonald

Background Information

The Nova Scotia *Labour Standards Code* regulates employment relationships in the province. It establishes basic standards of compensation and conditions of employment that apply to most workplaces in Nova Scotia. The standards cover a wide range of topics, including the minimum wage. The minimum wage applies to most employees.

The *Labour Standards Code* was amended in 2003 to establish a Minimum Wage Review Committee. The Committee – established in 2004 – is comprised of an equal number of employer and employee representatives. Its mandate is to conduct an annual review and prepare a report for the Minister with recommendations on the minimum wage. The Minister is required to make the report public within 30 days of receiving it, and to publish a response within 60 days.

Nova Scotia's minimum wage is set by regulation. In September 2011 the minimum wage regulations were amended to provide a mechanism for adjusting the minimum wage. As a result of those amendments, the minimum wage is now adjusted by the annual national inflation (Consumer Price Index) rate.

Profile of Minimum Wage Earners

According to Statistics Canada, in 2011 an estimated 23,600 employees earned minimum wage in Nova Scotia, which is about 6 percent of wage earning workers.

Minimum wage earners work throughout the province. They work primarily in retail trade, followed by food and accommodation industries. Most are under the age of 25. Most work part time and go to school full time. A high proportion of minimum wage earners are sons and daughters living at home. Almost two thirds of minimum wage earners in the province are women. Very few minimum wage workers are unionized.

Minimum Wage Rates (General) Across Canada

Province/Territory	As of January 1, 2015
Alberta	$10.20
British Columbia	$10.25
Manitoba	$10.70
New Brunswick	$10.30
Newfoundland and Labrador	$10.25
Northwest Territories	$10.00
Nova Scotia	$10.40
Nunavut	$11.00
Ontario	$11.00
Prince Edward Island	$10.35
Québec	$10.35
Saskatchewan	$10.20
Yukon	$10.72

Inexperienced minimum wage rate

Nova Scotia is similar to other provinces in that it maintains a 'tiered' or "differential"minimum wage system. In Nova Scotia's case this is through an 'inexperienced' minimum wage rate. Employers can pay an employee the inexperienced rate only if the employee has worked for the employer for less than three months and the employee has less than three months total experience with the kind of work the employee is employed to do. Other jurisdictions provide for a tiered minimum wage system based on criteria such as the kind of work the employee does.

The Nova Scotia *Minimum Wage Order (General)* sets the inexperienced minimum wage rate at $0.50 less than the general minimum wage rate. The inexperienced minimum wage is currently $9.90 per hour.

Adjusting the Minimum Wage Rate by the Consumer Price Index (CPI)

Minimum wage is currently $10.40 per hour. Following the formula set out in the minimum wage regulations it is to be adjusted for 2015 by the percentage change in the national CPI for the 2014 calendar year. As noted in the chart below CPI for the 2014 calendar year is projected to increase 2% from the previous year. Multiplying the current minimum wage by 2% and rounding it to the nearest $0.05, in accordance with the formula set out in the minimum wage regulations, results in an increase to the minimum wage of $0.20.

National Consumer Price Index (CPI)

Rate of Inflation, Percent Change, Year over Year, Consumer Price Index, All-Items, Canada	
Year	**CPI INFLATION (National)**
2014	2.% projected
2013	0.9%
2012	1.5%
2011	2.9%
2010	1.8%

Note: Projected CPI is used because at the time of issuing this report the Committee has access to 11 calendar months of CPI data (January to November) rather than 12 calendar months of data (January to December).

Recommendation

Applying the formula set out in the minimum wage regulations, we recommend the experienced minimum wage rate increase to $10.60 per hour and the inexperienced rate increase to $10.10 per hour, to take effect April 1, 2015.